

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4548-01  
BILL NO.: Perfected SB 1042  
SUBJECT: Revenue Department; Taxation and Revenue.  
TYPE: Original  
DATE: March 28, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$17,158)	(\$24,022)	(\$25,223)
School District Trust	(\$5,719)	(\$8,007)	(\$8,408)
Conservation	(\$715)	(\$1,001)	(\$1,051)
Parks and Soil	(\$572)	(\$801)	(\$841)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$24,165)</b>	<b>(\$33,830)</b>	<b>(\$35,522)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>(\$8,579)</b>	<b>(\$12,011)</b>	<b>(\$12,611)</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

In response to an identical proposal from this year, officials from the **Department of Revenue (DOR)** stated this creates a sales and use tax exemption for bullion and investment coins. The DOR stated the proposal would have no administrative impact to their department, and would have an unknown fiscal impact to total state revenues.

In response to an identical proposal from this year, officials from the **Office of Administration, Budget and Planning** stated this would have an unknown impact on total state revenues.

**Oversight** assumes, according to the Merchandise Product Lines report from the 1992 Census of Retail Trade, that coins, metals and other numismatic items account for roughly 0.1% of retail sales at jewelry stores. Oversight assumes this would represent investment coins and bullion as defined in this proposal. Also, total sales of jewelry in the United States totaled \$25,872,289,000. Therefore, assuming that coins and metals sold outside of jewelry stores is proportionate to coins and metals sold within jewelry stores, the total sales of coins and metals in the United States in 1992 is estimated to be \$25,872,289. Assuming that Missouri sales represent 1.9% of this total, \$491,573 of sales in Missouri in 1992 were for coins and metals. Growing the jewelry sales by 5% for all years since 1992, estimated sales in FY's 2001, 2002 and 2003 for coins and gold bullion are estimated to be \$762,591, \$800,721 and \$840,757 respectively. This would result in a loss in sales tax revenue of \$24,165 in FY 2001 (9 months), \$33,830 in FY 2002 and \$35,522 in FY 2003. The Merchandise Lines Report for the 1997 Census of Retail Trade should be available in May, 2000.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE</b>			
<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$17,158)	(\$24,022)	(\$25,223)
<b>SCHOOL DISTRICT TRUST</b>			
<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$5,719)	(\$8,007)	(\$8,408)

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**CONSERVATION**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$715)	(\$1,001)	(\$1,051)
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**PARKS AND SOIL**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$572)	(\$801)	(\$841)
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**CITIES AND COUNTIES**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$8,579)	(\$12,011)	(\$12,611)
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FISCAL IMPACT - Small Business

Small businesses that sell or purchase investment coins or bullion would be fiscally impacted by this proposed legislation from changed collecting and reporting standards.

DESCRIPTION

This proposal exempts bullion and investment coins from state and local sales and use taxation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director  
March 28, 2000